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INFO RUEHBO/AMEMBASSY BOGOTA 6348
RUEHBU/AMEMBASSY BUENOS AIRES 1155
RUEHLP/AMEMBASSY LA PAZ APR LIMA 0142
RUEHQT/AMEMBASSY QUITO 1998
RUEHGL/AMCONSUL GUAYAQUIL 0428
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NSC FOR WH S/DIRECTOR DFISK

E.O. 12958: DECL: 04/28/2015
TAGS: [ETRD](#) [ETTC](#) [PREL](#) [VE](#)
SUBJECT: VENEZUELA: RESPONSE ON TITLE III OF LIBERTAD ACT

REF: SECSTATE 57782

Classified By: ECONOMIC COUNSELOR ANDREW N. BOWEN FOR REASONS 1.4 (B) A
ND (D).

11. (C) Post sees no evidence that the BRV has undertaken policies or actions to advance democracy, human rights, or fundamental freedoms in Cuba over the last six months. In fact, Venezuela has continued to provide financial support to the Castro regime and strengthen its trade relationship with Cuba. In response to the reftel tasking, Post provides answers below:

12. (C) What is the nature of investments (and names, if known) that host country businesses have in Cuba?

In April 2005, both the BRV state-run PDVSA company and the Venezuelan Industrial Bank (BIV) opened offices in Havana, Cuba. In February, the BIV later capitalized its Havana branch with USD 50 million to extend letters of credit to facilitate Venezuelan exports to Cuba, and to provide credit to Cuban state companies and mixed companies that operated in Cuba. BIV support is also designated for an endogenous development project in Cuba, housing development in the aftermath of Hurricane Emily, and financing for the Cuban Petroleum Company (CUPET). In April 2006, PDVSA formed a joint venture with the CUPET to refurbish and start operations at the Cienfuegos refinery in Cuba, implementing a prior agreement signed in 2005. Local media report that Cuba owns 51 percent of the shares and Venezuela owns 49 percent of the shares. We also understand that private Venezuelan companies, such as galvanized steel construction sheeting company, Lamigal, operate in Cuba, but we do not have a full listing. We are unaware of BRV entities or persons trafficking in confiscated properties in Cuba.

13. (C) Are there any bilateral trade agreements between host country and Cuba?

Venezuela and Cuba have signed numerous bilateral agreements in areas such as oil, education, health, culture, and various trade agreements to advance ABLA (the Bolivarian alternative to the U.S.-supported Free Trade Area of the Americas). Venezuela provides Cuba with 90,000 to 98,000 barrels of oil daily. (Note: Post believes that the real number is closer to 98,000 barrels daily. End Note.) Local media report that the maximum price of the oil to Cuba is USD 27 per barrel, as compared to the average USD 53.74 per barrel for the

Venezuelan basket for March 2006. By some estimates, this costs Venezuela between USD 1.7-2 billion a year. Although the BRV does not publish official statistics on the oil trade with Cuba, local media estimate that that Cuba has accumulated debt of USD 2.5 billion from 2000-2005 for oil from Venezuela.

Adan Chavez, the Venezuelan Ambassador to Cuba, said that Venezuela-Cuba trade was USD 2.5 billion in 2005 and was expected to grow to USD 3.5 billion in 2006. He noted that Venezuelan oil exports to Cuba were worth USD 1.8 billion and that Cuba sold approximately USD 500 million in goods and services to Venezuela in 2005. According to press reports, citing BIV data, 40 Venezuelan companies currently export goods, such as food, clothing, uniforms, boots, and construction materials, to Cuba.

Contacts allege that BRV imports from Cuba sometime bypass customs and tax officials and enter the country through military ports. These items are not considered within the official trade statistics, compiled by local tax authority SENIAT.

¶4. (C) Are there any exchange programs between host country and Cuba, including but not limited to: scholarships for host country nationals to study in Cuba; Cuban-paid medical travel for host country nationals; and Cuban doctors working in host country.

Venezuela and Cuba have wide-ranging exchange programs, including Cuban medical travel for Venezuelan nationals provided in exchange for Venezuelan oil shipments. According to Venezuela's Ministry of Communication, about 21,000 Cuban medical personnel were working in Venezuela as of mid-2005. President Chavez himself has put the figure just under 30,000.

¶5. (C) Has the host country, in Post's opinion, worked to promote the advancement of democracy and human rights in Cuba? This can include: voting in favor of the U.S. backed resolutions at multilateral fora condemning the human rights abuses in Cuba; public statements or other governmental actions, such as resolutions in the national assemblies condemning human rights abuses in Cuba; actions in support of civil society in Cuba through host country's diplomatic missions or other fora.

No. Venezuela makes a point to vote with Cuba and against the United States in multilateral fora. At the U.N. General Assembly in 2005, Venezuela's permanent representative called Washington's Cuba policy a &destabilizing act of war⁸ and &genocidal.⁸ Venezuela often defends Cuba publicly. Venezuela's National Assembly has passed several laws outlining avenues for cooperation with Cuba.

¶6. (C) Have there been any high-level diplomatic visits between Cuba and host country in the past six months?

High-level visits between Cuba and Venezuela are frequent and ongoing.

BROWNFIELD